GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2014
ANSWERED ON:03.08.2001
BANKRUPTCY CODE
BASUDEB ACHARIA;SAMAR CHOUDHURY;SURESH RAMRAO JADHAV (PATIL)

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to formulate a comprehensive Corporate bankruptcy Code;

(b) if so, the details thereof; and

(c) the time by which it is likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c) : Yes, Sir. On the basis of the recommendations of the `High Level Committee on Law relating to Insolvency andWinding up of Companies` and after taking into consideration the views of the Group of Ministers (GoM), the introduction of aBill, namely the Companies (Amendment) Bill, 2001 is at anadvance stage. The important recommendations made by High Level committee on Law relating to Insolvency and Winding up of Companies are as under :

? A National Tribunal be set up under Article 323 B of the Constitution, Power and jurisdiction presently exercised by Company Law Board/BIFR/AAIFR/High Courts be entrusted to the Tribunal.

? SICA be repealed.

? Voluntary winding of companies be encouraged.

? Companies with minimum capital of Rs.10 lakh only to submit winding up petitions.
? Debt default to creditors exceeding Rs.1 lakh and erosion of 50% of net worth be the basis of voluntary winding and for revival of companies to the National Tribunal.

? Claims of employees and secured creditors of company are ranked pari-passu.
? Officers of the Official Liquidators be strengthened and modernized.
? A Fund for revival, rehabilitation of companies and preservation/protection of the assets of companies be created under the control of Central Government.
? Winding up steps be completed within time frame of two years.
? Professionals be appointed as Liquidators, Government to prepare a panel of such professionals for their deployment.